



## Public Robbed By Profiteers, Says Trade Commission

Soaring Prices Are Not at All Justified, It Reports to Congress

## Juggling of Cost Accounts Shown

Flour, Meat, Leather, Coal and Oil Firms Some of Those Accused of Abuses

By Theodore M. Knappen

WASHINGTON, June 29.—In a twenty-page report to the Senate made public to-day, the Federal Trade Commission declares in effect that profiteering is rampant, and so far as its investigations go, almost universal.

There is nothing in the report to show that the government has been especially misled on its war contracts, but the whole tenor of the report is to the effect that prices in every field are excessively high and that the increase is for the most part out of all relation to the increased cost of production; that it has come about since the beginning of the war in Europe and largely since America's entry into the war, and is, therefore, to be classified as profiteering.

Even in those lines of industry where the percentage of profit has not been advanced the total of profits has increased, and the commission holds that in a strict sense, viewed in the light of the highest patriotism, this form of profit is also profiteering, though a very venial offense compared with the other kind.

Listed as Profiteers  
Of the industries which the commission has investigated in the course of cost-finding for various governmental agencies, in industrial surveys directed by the President or of its own initiative, or in the enforcement of the law against unfair competition, the following are unreservedly classed as profiteers:

Flour millers.  
Meat packers.  
Leather manufacturers.  
Shoe manufacturers and retailers.  
Coal producers.  
Steel manufacturers.  
Vegetable canners and bottlers.  
Copper smelting and refining, with exceptions.  
Sulphur producers.  
Petroleum and its products.  
Milk canners.  
Salmon canners.

The three industries investigated which the commission concludes are not profiteering are lumber, zinc and nickel. The two last are making enormous profits, but they are not larger now than before the war.

Not all producers in the stigmatized groups are profiteers in fact, but as a general statement it is a fair inference from the commission's conclusions that such individuals as are not profiteers are such because their costs are so high that prices which mean 100 per cent profit for a low-cost producer leave only a small margin, if any, for them.

### Three Conclusions Drawn

The commission arrives at these three general conclusions governing the three forms of its investigations:

"The outstanding revelation which accompanies the work of cost finding is the heavy profit made by the low-cost concern under a governmental fixed price for the whole country.

"The outstanding fact in the industrial surveys which the commission has recently made is the heavy profit made by the meat packers and by those allied with them and by the flour millers.

"The outstanding feature on the score of profit revealed in the regular work of the commission under the statute creating it and the Clayton act is the trade tendency to increase and maintain prices against the forces of competition."

The commission also makes this general statement:

"The commission has reason to know that profiteering exists. Much of it is due to advantages taken of the necessities of the times, as evidenced in the pressure for price stabilization. Some of it is attributable to inordinate greed and barefaced fraud.

"Some interesting comments are made on the effects of price fixing. In the case of basic metals, such as steel, the government established a high fixed price to insure and stimulate production. The result was that, while the market was prevented from 'running away,' a wide range of profits resulted.

"Under the device of a cost plus margin of profit these profits are necessarily great in the case of low-cost mills," and "the stronger factors in the industry are further strengthened in their position and enriched by profits which are without precedent."

### Hardship for Public

The commission finds that the experience with price fixing in coal, flour and steel shows that, while a high stimulating fixed price stabilizes an ascending market, "it is fraught with hardship to the consuming public and with ultimate peril to the high-cost

## Germany Planning to Intervene in Russia

(By The United Press)

LONDON, June 29.—The German government, according to German newspapers, is taking preparatory measures with a view to intervention in Russia, says a dispatch to the Exchange Telegraph Company to-day from Zurich. Under this plan, it is stated, troops will be sent to restore order, assisted by Maximalist forces.

(By The United Press)

STOCKHOLM, June 29.—The peril of a Bolshevik alliance with Germany will be greater than ever if the Allies invade Siberia. "If forced to choose between the evils of German and Japanese orientation, we prefer the former, because there is chance of a revolution in Germany," War Minister Trotsky declared in a speech at Moscow this week.

## M'Adoo Turns Back 1,700 Short Lines

Director Moves Before Congress to Prevent Action by Law

WASHINGTON, June 29.—About 1,700 short line railroads were turned back to private management to-day by the Railroad Administration a few hours before Congress passed legislation intended to prevent the relinquishment of many of them. Between 200 and 400 of the roads relinquished had sought to remain under government management. About 400 short lines were retained as part of the national system.

Announcement of the action was withheld by the railroad administration until less than an hour before the legislation which would have stopped it was finally enacted.

It was explained that the course was made necessary by the railroad act's provision requiring the government to decide before July which short lines would be retained and which relinquished. Railroad administration officials also explained that since the legislation was not taken up by either house of Congress until about 4 o'clock this afternoon, they could not know whether it would be enacted. The legislation, therefore, is virtually nullified.

More than 1,200 of the roads turned back to private management were in-

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## 7 Convicted For Emerson Motor Fraud

Jury Returns Verdict After Twenty Hours of Deliberation

Court to Impose Sentence Tuesday

Trial Result of Exposé of Swindle by Tribune

The Emerson Motors Company and those associated with it in a conspiracy to defraud investors by means of the mails were found guilty yesterday by a jury in the criminal branch of the Federal District Court. The verdict was reached only after the jury had deliberated continuously for more than twenty hours.

The indictment, arrest and conviction of the corporation and men involved in the gigantic swindle all followed an exposé by The Tribune on October 12, 1916. The disclosures, unfortunately, did not come until the trial had been mulcted out of close to \$1,500,000.

The trial of the conspirators began May 23, Judge Martin T. Manton presiding. Yesterday the jury found the following guilty:

Emerson Motors Company, Inc.  
Robert P. Matches & Co.  
C. R. Berry & Co.  
Nicholas Field Wilson.  
Robert P. Matches.  
William Loomis.  
Osborne E. Chaney.

Theodore A. Campbell, his son, George N. Campbell; George B. Gifford and William H. Stetson were acquitted.

### Continued Under Ball

As soon as the jury had been polled, George Gordon Battle, counsel for the defendants, moved to set Tuesday as the date for pronouncing sentence and asked permission to move then for a retrial. He stated last night that if his motion was denied, he would be prepared immediately to take an appeal. Sentence will be pronounced on Tuesday. Until then, Judge Manton continued the ball under which the men have been at liberty, following their arrest and during their trial.

Theodore A. Campbell is under another indictment for alleged fraudulent use of the mail. He was released on the same bail bond which he had furnished before the trial. The other three men acquitted were released from custody.

The Emerson Motors bubble was first set afloat in April, 1916, when the Emerson Motors Company was incorpo-

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## Shy at Hearst Move to Seize Loyalty Day

Congressmen Balk at the Invitation of Publisher for July 4

"All Expenses Paid," But Majority Refuse

Lawmakers Object to Being Camouflage to Attest His "Patriotism"

(Special Dispatch to The Tribune)  
WASHINGTON, June 29.—A camouflage of loyalty, the point of which is composed of the respectability and Americanism of the United States Congress, is being prepared for William Randolph Hearst by busy agents in Washington.

Invitations have been extended to more than 250 members of the House of Representatives and to about half the members of the Senate to be Mr. Hearst's guests in New York on the Fourth of July. He is willing to pay all expenses, hotels, theatres, transportation, automobiles, and to furnish seats on "his" stand, better known in New York, probably, as the Mayor's committee's stand, from which to view the loyalty parade.

Probably one hundred members of the two houses, inquiries to-day disclosed, will go on the junket. Most of the members invited have rejected the invitation, having no desire to pose before the people of New York City on a patriotic occasion with William Randolph Hearst.

### Want Home Folks' View

"What would the folks out in my district say if they read in the paper that I was the guest of William Randolph Hearst at a patriotic demonstration on the Fourth of July?" was the question with which member after member retorted when asked if he was going to join the Hearst special. New England Representatives unanimously rejected the invitation, so far as inquiry to-day disclosed. Some had already accepted invitations to address patriotic gatherings on the holiday in their home cities and towns. Some of the Bay State members, however, let it be known that they did not feel in the least complimented by the invitation from Mr. Hearst.

Representative "Uncle Billy" Green, of Fall River, one of the oldest Republicans in the House, said: "I won't attend anything run by Hearst under any circumstances. I share the feelings of the United Train of Artillery of Providence, one of the oldest military organizations in the country, which voted last week not to read the Hearst papers."

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# Upton Men Hold First Line; Troops From U.S. Reach Italy; French Repulse 3 Attacks

Gen. March Tells of First American Expedition Ordered Against Austria

Pershing to Send More Fighting Men

Chief of Staff Asserts That Situation Is Extremely Favorable to Allies

By C. W. Gilbert

WASHINGTON, June 29.—General March at his weekly conference with newspaper men to-day announced that the situation on the entire West front which, of course, includes the Italian front, was "extremely favorable to the Allies." This is the most optimistic statement he has made since he began his talks with the press.

He did not explain just in what respect it looked extremely favorable. But from an announcement which he made it would seem that in man power the Allies were better off than at any time hitherto. This announcement was that five divisions of American troops, which had been trained with the British, had been returned to General Pershing.

### 77th Division Holds Sector

It had always been the plan to constitute a distinct American force out of the units that were scattered among the Allies as soon as the great emergency created by German superiority in man power had passed. It would seem as if that emergency was passing, or was at least decreasing, from the fact that Pershing is already receiving his men back.

The honor of furnishing the first National Army division to take over a sector of the Western front as a unit falls to New York City. The division is the one trained at Camp Upton, on Long Island, by Major General U. Franklin Bell, who was sent to France under the command of Major General Johnson.

Reports from France to which General March did not allude praise the quality of this unit of the new army. Special interest attaches to the success with this Upton division because it was composed of a great many of the men who were sent to France under the command of Major General Johnson.

Another favorable factor in the general mind was the fact that the division's mind was the last of the Italian victory, both in a military and a moral way. It had been, he said, of great encouragement to the forces opposed to Germany everywhere.

### Criticizes Austrian Strategy

The general criticized the Austrians' strategy. The Austrians had undertaken a drive of the great breadth of an effort 200 miles long were not possessed by Italy's foe. He announced the first Americans to reach the Italian front came from the Upton division. They were largely non-combatant units, to support the military forces to come later, of whom the first were sent from France by Pershing the other day.

The general settled the disputed issue of the size of Italy's capture of Austrians. According to the War Department figures 18,000 Austrians were taken. The Italians have now driven the enemy back to the positions from which he started, and near the sea have forced him further north.

Of the American troops the general heard only words of praise. He felt sure that the War Department policy of making public the name of every American soldier, no matter what rank, who rendered distinguished service was highly approved by the army.

Though American troops serving among the British and French are now being returned to Pershing, it seems probable from General March's words that the policy of training Americans back of British and French lines would be continued with the new arrivals.

### Allied Lines Strengthened

Only in this way, the general indicated, could the American army be made ready for battle quickly. The Chief of Staff also regarded with approval the policy of training that was to be got through this system.

From the general's statement that the situation is extremely favorable it would appear that no part of the line is now so weakly held as was the position between Rheims and Soissons when the latest German drive began. From foreign papers it would appear that this section was thinly occupied by French territorials and certain divisions of England worn out by fighting elsewhere, who were sent to this front as a quiet one in which to rest and recuperate.

The success of the two German drives which got furthest is easy to understand when the facts about the troops holding them are considered. The line near St. Quentin was recently taken over by the English from the French, against the protest of the English commanders, and was held in sufficient strength. The line between Rheims and Soissons was held by second rate French troops and exhausted English troops.

When enough men are available in France to hold strongly the critical points, like those which defend the

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## German Chief Predicts New Blow; Admits Austria Failed at Piave

(By The United Press)

AMSTERDAM, June 29.—General von Liebert, commander of the German forces at Lodz in the Russian campaign, declared in an interview granted to the "Tagliche Rundschau" that it will not be long before another German blow will surprise the Allies, falling where it is least expected.

In referring to the Austrian offensive, von Liebert said: "We must admit, though it is painful, that our allies failed at the Piave."

The weather is blamed for the Piave failure by the "Koelnische Zeitung," while the Vienna "Reichspost" says that "failure of the German gas method against the Italian artillery at Sette Comuni (the mountain region) was disastrous."

## City Thrilled At News of Upton Army

77th Division, Now Holding Sector, Is Called "New York's Own"

News over a definite sector of the fighting line for its own, that there was an actual Yaphank front in France, galvanized New York yesterday. A bit reluctant, perhaps, to adopt the nomenclature of war correspondents—"New York's Own"—the city nevertheless had realized from the start that the division from Camp Upton was the local Rainbow Division and peculiarly its own.

It had seen the men in the autumn sunshine marching in straggling formation but with wonderful bearing from Eleventh Avenue, from River Drive, from Harlem and The Bronx to the Long Island City ferry. It had seen them again, strangely metamorphosed from the motley silk and flannel shirred throng of a few weeks before, pouring up Fifth Avenue in precise dun ranks while the snow flurried about them.

A blast of wind in the early dawn at the breakfast table was the comfortable knowledge that it was only a little way to Yaphank and a long way to France, and their came the brief and mysterious leaves, silence and a Y. M. C. A. envelope marked "soldier's mail." The 77th was in France, horse, foot and gun. And now it is the fighting line and the National Army is in the fight.

### Mobilizing at Camp Upton

With little of the soldier about them, save khaki shirts and breeches, the 27,000 men began pouring into Camp Upton on September 10. It was the beginning of the nation's "Great Experiment." George W. Perkins, Jr., and Sam Wah, laundryman, of "Couture" had pioneered the way into camp side by side.

Lowbrows and highbrows slept one yard apart, a new democracy, that first night. The two blankets, thin as an afternoon tea sandwich, promoted a greater democracy in the early morning hours, for bunks were placed beside one another and the blankets stretched across. Many languages mixed with the smell of army cooking in the mess hall that first morning, and the men began to dress for the day. Bank clerks gaily waived hundreds of dollars' worth of manure on the hands when the men began to dress for the day. John Cahill, of Greenpoint, was a master worker then. He had been a grave digger.

On September 16 to 19, new increments of men began pouring into the rustic terminus, all with their comfort kits and their choruses of "Where do we go from here?" Companies were formed, and Plattsburg reserve officers, college men, business men and regular army ex-post sergeants began making good from the start.

### General Bell Guided Machinery

Major General J. Franklin Bell, with his forty years of army career and his unimpeachable record of service in the Cuban and Philippine campaigns, was guiding the molding machinery. Brigadier General Evan M. Johnson, who, as major general, led the 1st Division, and Brigadier General Edwin Whittemyer, graduates of the War College, with inches of varicolored service ribbons on their chests, assisted him in the early processes. Brighter General Doyle commanded the artillery brigade.

Assigning these bookkeepers, clothing cutters, buttonhole makers and the others of civilian occupations unsuited for war use to units where they were best fitted was the task of Captain W. H. Perry, former chief engineer of the Bridge Department of New York City. Three choices were given to each man, and these, coupled with a review of his qualifications, were used by Captain Perry in picking the division's personnel.

On October 8 an intensive training schedule, calling for four months of strenuous work on the part of the rookies, was promulgated. It had been formulated by General Bell in conference with his chief aids. From Amok, who hunted heads with other Igorrotes in the Philippines until he came to America for exhibition purposes, at Coney Island, to Morris Fleischer, who held four college degrees, the men drilled, dug, hiked, exercised and studied day after day.

There was no flinching during the terrific cold of December and January,

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## U. S. Protests To Carranza Over Oil Tax

State Department Calls It Confiscation of Property

WASHINGTON, June 29.—Declaring that all the United States asks of Mexico for American citizens is justice and fair dealing, the State Department made public to-day a "solemn protest" sent to President Carranza against the Mexican decree of February 19, 1918, establishing a tax on oil lands.

The statement says the new tax amounts practically to confiscation or, at least, unfair imposition, and elicits extracts from President Wilson's speech to the Mexican editors on the future relations of nations as follows: "As long as there is suspicion there is going to be misunderstanding, and as long as there is misunderstanding there is going to be trouble. If you once get a situation of trust then you have got a situation of permanent peace."

### Asks Fair Treatment

The statement by the State Department says further:

"The United States always desires to accord to the Mexican government and people justice and fair dealing, and it is confident that it will be accorded the same justice and the same fair dealing in return."

The State Department gave out its statement and the text of its protest to-day, after having learned that soon after President Wilson's speech to the Mexican editors there recently had been printed in the Mexican papers the Carranza government gave out the text of the American government's protest against the oil decree, and it was commented upon as being inconsistent with the President's speech.

"The United States government would have appreciated being asked for its consent to the publication of this note, inasmuch as this procedure is usually followed in diplomatic dealings between friendly nations," says the department's statement. "Such consent would, of course, have been readily given if the Mexican government had intimated that it believed the note should be published."

The department's statement continues: "An examination of the note proves that all that the United States asks for its citizens who have made investments in Mexico, relying on the good faith of the Mexican government and Mexican laws, is justice and fair dealing. There is no disposition on the part of the United States government to interfere in the internal affairs of Mexico."

### Denial of Justice

"However, the seizure of property at the will of the sovereign without due legal process, equitably administered, and without provision for just compensation, has always been regarded as a denial of justice and a cause of diplomatic representations."

The statement says that the note of April 2, after stating that the United States government had given careful consideration to the effect of the decree, says: "The United States cannot acquiesce in any procedure ostensibly or nominally in the form of taxation or the exercise of eminent domain, but really resulting in the confiscation of private property and arbitrary deprivation of vested rights. The seizure or spoliation of property at the mere will of the sovereign, and without due legal process fairly and equitably administered, has always been regarded as a denial of justice and as affording internationally a basis of interposition."

"My government is not in a position to state definitely that the operation of the aforementioned decree will in effect amount to confiscation of American interests. Nevertheless, it is deemed important that the government of the United States should state at this time the real apprehension which it entertains as to the possible effect of this decree upon the vested rights of American citizens in oil properties in Mexico."

Model Margrove, 72nd St., near Col. Ave. Trans. rates, \$5 and up, large, cool rooms with bath.—Advt.

Americans Hurl Back Germans at Cantigny and Capture 40 Prisoners

Italians Defeat Enemy at Rheims

Vienna Reports Failure of Allied Attempt to Force Crossing of the Piave

The 77th division of the National Army, drafted in New York City and trained at Camp Upton, has taken up a sector of the fighting line in France, General Peyton C. March, chief of staff, announced yesterday.

First American troops landed in Italy Friday, General March stated. These units are largely non-combatant, sent direct from America to support the fighting forces which General Pershing has started to send to Italy from the Western front.

The Americans at Cantigny, northwest of Montdidier, took forty prisoners, including one officer, in an attack on the German lines early yesterday, the French War Office stated.

Three German counter blows in attempts to retrieve ground west of Soissons lost to the French on Friday were repulsed by the defending forces. Everywhere the French held their gains.

The Italians attempted again to push across the Piave River on the east wing of the Italian battlefield, the Vienna War Office stated, but were driven back by the Austrian fire.

Elsewhere on the fronts there was only local fighting, accompanied by artillery duels of varied intensity in scattered sectors.

## Foe Repulsed in Sharp Local Fights On Front in France

LONDON, June 29.—Sharp local fighting was reported to-day from the battle front in France. Three times the Germans attacked the new French positions west of Soissons, gained in yesterday's advance, but every assault broke down under the French guns. Everywhere the French line was held intact.

The Italian forces holding the sector of the battle line on Bligny Heights, southwest of Rheims, on the east wing of the great Champagne salient, were attacked suddenly by strong enemy forces that momentarily gained a foothold in the Italian front trenches, but in a desperate counter attack the Germans were ejected and the old line re-established by the defending forces.

Berlin admitted the advance of the British yesterday before Nieppe Forest, stating to-day that after the capture of the village of Vieux Berquin (the capture was not claimed by the London War Office) the British were thrown back in a German counter thrust with raids in German lines near Meris.

### Artillery Fire Increases

Along the battlefield in Flanders and in the Champagne there has been increasing artillery fire. On both sides of Nieppe forest the guns have played a postlude to the British infantry attack. And on the Somme, northwest of Chateau Thierry above the Marne, and east of Rheims, they have continued their incessant thundering.

British aviators shot down seventeen German airplanes and drove six others down out of control in the air fighting on the battlefield yesterday, says an official announcement dealing with aviation. Another official statement by the Air Ministry dealing with raids into Germany reports a successful attack on industrial works in Mannheim. Beset by five hostile machines during the raid, the British airmen drove three of the enemy down out of control and returned to the British lines without loss.

The air ministry's official report on bombing operations says: "On Friday evening an enemy air-drome at Frescati was attacked. Owing to bad visibility, bursts were not observed. The British airmen drove three of the enemy down out of control and returned to the British lines without loss."

"Our formation was attacked over its objective by five hostile machines. Three of these were driven down out of control. All our machines returned safely."

The statement dealing with air fighting over the battle lines says: "There was much fighting in the air on the British front on the 28th inst. and enemy machines moved constantly